



State of Utah

Department of Environmental Quality

Richard W. Sprott
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
Myron Bateman, *Vice-Chair*
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
Petra Rust
David K. Stevens, Ph.D.
Richard W. Sprott
Ron Thompson
Kenneth H. Bousfield, P.E.
Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

MINUTES OF THE DRINKING WATER BOARD MEETING HELD ON JULY 13, 2007 IN CEDAR CITY, UTAH

Board Members Present

Anne Erickson, Ed.D., Chair
Myron Bateman, Vice Chair
Ken Bassett
Daniel Fleming
Paul Hansen, P.E.
Laurie McNeill, Ph.D.
Petra Rust
Richard Sprott
Ron Thompson

Board Members Excused

Jay Franson, P.E.
Helen Graber, Ph.D.

Staff

Ken Bousfield
Ken Wilde
Julie Cobleigh
Michael Grange
Karin Tatum
Steve Onysko
Linda Matulich

Guests

Dennis Stowell, Senator
Eric Franson, Greenwich Town
William Wolf, Cross Hollow WA
Clyde Newell, Cedar Highlands HOA
David Bunker, Cedar Hills City
Verl Bagley, Greenwich Town
Gary DeLeeuw, Greenwich Town
George Mason, Cross Hollow Hills WA
Marv Allen, Midvale City
Bob Havens, Cedar Highlands/High Mtn.
Keith Ludwig, Midvale City
Laurie Harvey, Midvale City
Laura Lewis, Midvale City
John Chartier, P.E., District Engineer
Randy Taylor, P.E., District Engineer
Carson Howell, Governors Office
Doug Nielsen, Sunrise Engineering
Marc Edminster, Lewis Young

ITEM NO. 1 – CALL TO ORDER

Senator Dennis Stowell welcomed the Board, staff and visitors.

The Drinking Water Board convened in Cedar City, Utah with
Chairman Erickson presiding. The meeting was called to order at 1:00 p.m.

ITEM NO. 2 – ROLL CALL

Chairman Erickson asked Ken Bousfield to call roll of the Board members. The roll call showed there were 9 members present.

ITEM NO. 3 – INTRODUCTIONS

Chairman Erickson welcomed everyone and asked the guests to introduce themselves.

Chairman Erickson introduced Richard Sprott, the new Director for the Department of Environmental Quality.

Richard Sprott gave the Board some information on his background.

ITEM NO. 4 – APPROVAL OF MINUTES – MAY 11, 2007

Chairman Erickson stated a motion was in order to approve the minutes of the May 11, 2007 Drinking Water Board meeting.

Laurie McNeill moved the Board approve the minutes of the May 11, 2007 Drinking Water Board meeting.

Ken Bassett seconded.

**CARRIED
(Unanimous)**

ITEM NO. 5 – LOAN ORIGINATION FEE

Ken Wilde reported the Drinking Water Board authorized staff to post a 30-day public comment period on a proposal for adopting a Loan Origination Fee at the May 11, 2007 Board meeting. Anne Erickson chaired the Loan Origination Fee public hearing on June 22, 2007.

Ken reviewed some comments staff received on the Loan Original Fee, and they are listed in the packet. The Drinking Water Board and the Water Quality Board are considering adopting the Loan Origination Fee.

Ken mentioned the state loan money and the repayment money from the federal loan program do not provide any funding to pay administrative costs to administer the programs.

Ken reviewed some background information on the Loan Original Fee and the recommendations made by staff.

Discussion followed.

Ron Thompson moved the Board authorize a Loan Origination Fee on all future and existing loans that have not closed as of July 13, 2007, equal to 1.0% of the Principal Amount of the Loan at the time of the loan closing. Staff will send an amended authorization letter to all applicants that have existing loans. Staff will list an estimated amount of the Fee in the letter, and notify the applicant that they will be required to pay that amount at the time of the loan closing. Staff may increase the amount of any authorized loan by the amount of the Fee without coming back to the Board for approval.

Discussion on motion.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

ITEM NO. 6 – SRF/CONSERVATION COMMITTEE REPORT

1) Status Report – Ken Wilde

a) Status Report

Ken Wilde reported the Board authorized \$6,000,000 to Magna Water Company for their water treatment plant project. The water treatment plant project has grown to about \$23,000,000. Magna Water Company has received some STAG money appropriated to them by Congress and were counting on getting more STAG funds for their project. However, Magna may not receive any more STAG funds, because Congress did not fund any projects this year.

Ken updated the Board on Magna Water Company's project. Ken mentioned Magna Water Company is requesting a letter to give them permission to use funds from their Repair and Replacement Reserve Account (required by a previous loan) to fund a \$500,004 shortfall and any additional expenses that may occur. Ken stated that they have \$1,200,000 in their reserve account. Magna Water Company will have to come to staff with each pay request to justify needing the money.

Ken Wilde reported that the Board has \$3.6 million available in the State Loan Program. Staff anticipates collecting another \$7.5 million over the next 12 months. Ken went over the State Loan Fund list of authorized projects that have not been funded yet.

Ken said that Vernon, Clarkston and Glen Canyon SSD have recently closed their loans.

Ken reported that the Board has \$6.2 million available in the Federal Loan Program as of May 31, 2007. We just received the 2007 Federal Capitalization Grant Money from EPA. This will give the Board another \$8.2 million totaling over \$14 million. Staff anticipates collecting a little more than \$5 million over the next year.

Discussion followed.

2) State SRF Applications

a) Project Priority List (Karin Tatum)

Karin Tatum reported that Midvale City has a new project and has just been added to the Project Priority List. Midvale City recently completed a master plan. Their project includes a 4,000,000-gallon water storage tank, well rehabilitation and pipeline improvements for a proposed cost of \$9,852,500. The SRF Conservation Committee is recommending the Board approve the updated Project Priority List.

Ron Thompson moved the Board approve the updated Project Priority List.

Paul Hansen seconded.

**CARRIED
(Unanimous)**

b) Toquerville Planning Loan (Rich Peterson)

Rich Peterson reported Toquerville is requesting a \$16,000 planning loan for 5 years at 0% to develop a culinary water system Master Plan.

Discussion followed.

Ken Bassett moved the Board authorize a \$16,000 planning loan to Toquerville City for 5 years at 0%, and repay approximately \$3,000 annually, beginning one year from the date that the loan agreement is signed.

Danny Fleming seconded.

**CARRIED
Unanimous)**

c) Greenwich (Michael Grange)

Michael Grange reported the Town of Greenwich is requesting \$221,300 in financial assistance to construct a 200,000-gallon culinary water storage reservoir. The new reservoir will bring the town into compliance with state-mandated storage and fire flow requirements.

Michael gave some background information on Greenwich's project.

Eric Franson, Verl Bagley, Gary DeLeeuw, representing the Town of Greenwich, were available to answer any questions from the Board and address the Board.

Discussion followed.

Laurie McNeill moved the Board authorize a \$110,300 grant and a \$111,000 construction loan at 0% for 20 years, to the Town of Greenwich for construction of a 200,000 gallon culinary water storage reservoir, with the condition that Greenwich resolve the issues outlined in their compliance report. The previously approved \$20,000 planning loan will be rolled into the proposed construction loan at the interest rate and repayment schedule approved for the construction loan.

Paul Hansen seconded.

**CARRIED
(Unanimous)**

d) Cedar Hills (Julie Cobleigh)

Julie Cobleigh reported Cedar Hills is requesting \$2,090,000 to develop a new culinary well and address the system's current inadequate source capacity. No additional water rights or change applications are needed.

Julie mentioned the SRF Conservation Committee is recommending a \$2,090,000 construction loan at 2.71% for 20 years, with the condition that Cedar Hills resolves all of their issues in the compliance report.

Clyde Newell, David Bunker and Marc Edminster, representing Cedar Hills, were available for any questions from the Board.

Discussion followed.

Danny Fleming moved the Board authorize a \$2,090,000 construction loan to Cedar Hills at 2.71% for 20 years, with the condition that they resolve all the issues in their compliance report.

Anne Erickson seconded.

**CARRIED
(Unanimous)**

e) Midvale (Julie Cobleigh)

Paul Hansen mentioned he is working with Midvale City, but he does not do any water related work for them.

Julie Cobleigh reported Midvale City is requesting financial assistance to help construct a 4.0 million gallon water storage tank, rehabilitate two existing wells, and a variety of pipeline improvement projects for a cost of \$9,850,000. Midvale City recently completed a culinary water system master plan.

Julie gave some background information on Midvale City's project.

Julie mentioned staff is proposing an interest buy down of .58%, which will bring their interest rate to 2.00% for 20 years for a \$5,000,000 construction loan that will put the cost per connection equal to 1.75% of the MAGI.

Marv Allen, Keith Ludwig, Laurie Harvey, Laura Lewis, and Marc Edminster, representing Midvale City, were available to answer any questions and address the Board.

Discussion followed.

Ken Bassett moved the Board authorize a \$5,000,000 construction loan to Midvale City at 2.00% interest for 20 years, with the condition that they resolve all the issues in their compliance report.

Petra Rust seconded.

**CARRIED
(Unanimous)**

ITEM NO. 7 – CHAIRMAN’S REPORT

Chairman Erickson mentioned the Department of Environmental Quality’s Office of Policy and Planning is spearheading a: “Thinking Green” program on Saving Energy. They are giving out new energy saving light bulb through this program. Each Board member received a light bulb.

ITEM NO. 8 – DIRECTORS REPORT

Ken Bousfield introduced Steve Onysko. Steve is an engineer for the Division of Drinking Water. Steve recently accepted the position of Program Manager for the Engineering Section.

Steve gave the Board some information on his background.

a) Conflict of Interest Forms

Ken Bousfield mentioned the State Human Resource Office requires everyone to fill out and turn in a Conflict of Interest form every year. Ken asked the Board to complete the form Linda gave them, have it notarized and mail it back to Linda.

b) Body Politic Rule Status

Ken Bousfield reported that he was waiting for an Attorney General’s opinion before proceeding.

Discussion followed.

c) Erda Special Service District's Status Report

Ken Bousfield updated the Board on the status of Erda Special Service District. Erda Special Service District is working on regionalizing Erda Acres, West Erda Improvement District, unincorporated portions of Tooele County, and the Salt Lake City Auxiliary Airport in Tooele County.

Discussion followed.

ITEM NO. 9 – NEWS ARTICLES

The news articles are in the Board packet.

ITEM NO. 10 – LETTERS

The letters are in the Board packet.

ITEM NO. 11 – NEXT BOARD MEETING

The next Board meeting will be on September 14, 2007 at the Jordan Valley Water Conservancy Districts office in West Jordan, Utah. There will be a tour. The Board meeting will be at 1:00 p.m.

ITEM NO. 12 – OTHER

Chairman Erickson mentioned this would be Laurie McNeill's last Board meeting. She is going on sabbatical and will be out of the country for a year.

The Board gave Laurie McNeill a plaque in appreciation for the valuable contribution she has given to the Drinking Water Board during her tenure.

Petra Rust presented Laurie McNeill with a beautiful basket from Pepperidge Farm.

ITEM NO. 13 - ADJOURN

Chairman Erickson stated a motion would be in order to adjourn the Drinking Water Board meeting.

Petra Rust moved to adjourn the Board meeting at 2:35 p.m.

Laurie McNeill seconded.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary